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DD/R # 074-63

4 JAN 1963

adm-2

MEMORANDUM FOR: Deputy Director of Central Intelligence

SUBJECT: FY 1963 Funds Authorization for the
Deputy Director (Research)

1. Annexed memorandum asks that the DCI direct release of funds to the DD/R as follows:

C/DDR
 OEA
 OEL
 ORD

25X1A

The DD/R refers to a memorandum dated 26 September 1962, which outlined his requirements for funds and personnel. This memorandum was approved by the DDCI at a meeting at which the Executive Director, the DD/R, and the Comptroller were present. At that meeting, no attempt was made to determine the source of funds for these programs. The minutes of the meeting indicate that "phasing of these personnel and fund requirements will be determined by the availability of room space and funds".

2. The DD/R's memorandum poses a difficult and immediate problem for Agency management. Six months from now, with the start of the new fiscal year, the corner will have been turned inasmuch as we now have Bureau of the Budget approval for inclusion in the FY 1964 budget of the full amounts requested by OEL and ORD. The question is, how do we cope with DD/R requirements still outstanding for the remainder of FY 1963? Three approaches suggest themselves: (1) a release from the Reserve for Contingencies, (2) reprogramming from other components at their expense, or (3) adjustments and deferrals in the DD/R program. Solution of the problem probably involves a mixture of all three.

3. I have discussed the possibility of going to the Reserve to finance these DD/R requirements with representatives of the Bureau of the Budget, including Mr. Amory. It is his unofficial position that the Reserve cannot be used as a source of funds for the current ELINT program (i.e., the million for OEL). He would, however, be receptive to an application to the Reserve for funds reasonably sufficient to enable the DD/R to get started with a research program at an appropriate and effective level. In my judgement, Mr. Amory was thinking in terms of [redacted] lion (i.e., [redacted] sought for ORD). Therefore, unless the Director were willing to make very strong representations to the Bureau of the Budget, only [redacted] for ORD could be anticipated from the Reserve. It is my judgement that this amount added to funds already assigned to ORD is sufficient to launch the program within Agency fund availabilities.

25X1A

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25X1A

GROUP 1
 Excluded from automatic
 downgrading and
 declassification

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4. Financing the DD/R deficit by reprogramming funds allocated to other components, cannot be considered en vacuo. The Agency budget position is tight. All components have rather substantial unfunded requirements which they are attempting to meet by reprogramming. The competing demands presented by these as yet unfunded requirements are:

DD/P
DD/I
DD/S
DD/R

25X1A

Reprogramming by other components to make funds available for the DD/R, as well as their own requirements, would involve extensive review at a point half-way through the operating year, and would probably require reduction and/or elimination of equally important activities already justified and documented by the other Deputy Directors.

5. Adjustment and deferral of some DD/R programs, would require the DD/R to go back through his projects on an item-by-item basis, deferring as many heavy expenditures as possible until next fiscal year. This appears to me essential, particularly in view of the fact that the primary fund requirement involves external contracts. (The Comptroller has funds available to support personnel allowances and pay costs.) Project officers could consider each contract separately, with referral to the contractor as necessary, to see where minimal or even token expenditures would suffice to carry us through this interim period without serious adverse effects to continuity and momentum.

6. The launching of a new major component in the Agency, with all its legitimate claims on Agency resources - but without formal representation in the FY 1963 budget submittal - has sharply challenged our notions of Agency flexibility and has underscored the need for stronger actions by the Financial Policy and Budget Committee as the Agency instrument for evaluating how best to allocate our resources to meet changing goals. Therefore, my recommendations in response to the DD/R request include certain actions to be assigned to that Committee.

7. Recommend:

25X1A

CSA

Approval of [REDACTED] for CSA personnel and related costs, funds for which are available.

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OEL 25X1A

(a) Approval of an additional [REDACTED] for ELINT research projects (OEL) to be acquired:

- (1) By use of [REDACTED] of the DCI Reserve; and 25X1A
- (2) By allocation of [REDACTED] available from 25X1A
personnel adjustments approved earlier in the year (i.e.,
adjustments resulting from the establishment of the DD/R).

(b) Approval of an additional [REDACTED] for OEL personnel and related costs, funds for which are available. 25X1A

(c) Disallowance of [REDACTED] which our review indicates is for OEL projects identified as deferrable. 25X1A

(d) For the remaining [REDACTED] of the OEL deficit, instructions to the DD/R to re-examine OEL projects and in coordination with the Comptroller and appropriate members of the FPBC determine slippages which can be made on a project-by-project basis for the purpose of defining a claim against Agency year-end savings and/or utilizing funds available on a "stretch out" or "expenditure" basis. 25X1A

(e) Instructions to the Comptroller and the FPBC to accommodate from year-end savings, to the extent possible, the OEL projects identified in (d) above.

OND

25X1A

Approval for the Comptroller to seek a release from the Reserve for Contingencies in an amount not to exceed [REDACTED] and that this release together with moneys already transferred from DD/P be approved as the OND allocation for FY 1963.

25X1A

[REDACTED]
Comptroller

Attachment

BD/COMP/JMC/jp (14 Jan. '63)

Distribution:

Orig - Addressee

1 - Comptroller

1 - Executive Director

1 - DD/R

2 - Budget Division

TRANSMITTAL SLIP		DATE
TO: <i>DDR</i>		
ROOM NO. <i>3E24</i>	BUILDING <i>Hqs</i>	
REMARKS:		
FROM: <i>Budget</i>		
ROOM NO. <i>6C62</i>	BUILDING <i>Hqs</i>	EXTENSION <i>5477</i>

FORM NO. 241
1 FEB 55

REPLACES FORM 36-8
WHICH MAY BE USED.

GPO : 1957—O-439445 (47)